

World Trade Situation and Policy Updates

U.S. Apples Arrive in Cuba

Ending a 40-year absence, 20 tons of U.S. (Washington state) Red Delicious apples, valued at approximately \$15,000 arrived in Cuba during the week of July 8. According to trade sources, another 280 tons of apples, valued approximately at \$200,000, are scheduled to be shipped to Cuba during the period July-September 2002. The inaugural shipment follows on the heels of the recent agreement reached between APHIS and Cuba's Centro Nacional Sanidad Vegetal (CNSV) that established the phytosanitary requirements for the exportation of apples from Washington and New York.

California Table Grapes Debut in Australia

On Tuesday, July 16, 2002, the first consignments of table grapes from California arrived in Sydney, Melbourne, and Brisbane via airfreight, following years of negotiations on a market access protocol. The total shipment consisted of 132 cartons of Flame Seedless. U.S. industry contacts believe that this market, which is counter-seasonal to the Northern Hemisphere, has considerable export potential that could reach \$10 million annually.

Mexico Moves to Limit Use of High Fructose Corn Syrup

On July 12, 2002, Mexico's Supreme Court of Justice (SCJN) voted unanimously in favor of a ruling that endorses the collection of a 20-percent duty on soft drinks and beverages that contain high fructose corn syrup (HFCS). This duty had been temporarily suspended by President Fox in March 2002. With this decision, the SCJN sides with the Lower House of Congress, which had approved in December 2002, a tax of 20-percent on soft drinks and beverages that contain HFCS. The duty was imposed on July 16, 2002, and will not be applied retroactively for the period from March 6, 2002 to July 15, 2002. This will principally affect U.S. shipments of HFCS and corn used for the production of HFCS. Mexico consumes about 600,000 tons of HFCS annually, of which about 80 percent is used in the beverage industry. The United States supplies about of 250,000 tons of HFCS and about 700,000 tons of corn, which is converted into 350,000 tons of HFCS. The new law is expected to generate about \$7.5 billion in revenues.

U.S. Hazelnut Exports Sky Rocket

U.S. exports of hazelnuts during the first 6 months of fiscal year 2002 reached 20,258 tons, up 100 percent compared to the same period last year, with an estimated value of \$27 million. U.S. hazelnut production set a record in 2001/02 totaling 43,545 tons, up 92 percent from the previous year's harvest and 26 percent above the 1999/2000 production. China is by far the largest customer for U.S. hazelnuts, importing nearly 15,000 tons with a value of \$18.4 million. Germany is the second largest market for U.S. hazelnuts importing approximately 1,400 tons, worth nearly \$2 million.

Florida's High Court Refuses to Hear Citrus Canker Case

On July 18, 2002, the Florida Supreme Court refused to hear a case concerning the state's citrus canker eradication law. As a result, a May 24, 2002, ruling stands, which stated that a new law giving Florida the power to remove healthy citrus trees was unconstitutional. Several counties in Florida had filed a lawsuit to challenge the law, which required Florida to remove healthy citrus trees within 1,900 feet of those infected with citrus canker. On July 9, 2002, the 4th District Court of Appeal had asked Florida's Supreme Court to hear the case immediately given the seriousness of the situation. A citrus canker outbreak in commercial production areas would have potentially serious consequences to Florida's \$9 billion industry. U.S. exports of grapefruit, much of which originate from Florida, totaled nearly \$197 million in calendar year 2001, of which \$51 million or 26 percent went to the EU. The EU and other citrus-producing countries have been closely following the situation in Florida, as they are very concerned about the spread of citrus canker and how it might impact U.S. commercial groves and trade. To date, however, there have been no reports of trade disruptions resulting from the citrus canker situation.